

May 16, 2007

Press Release

Tanabe Seiyaku Co., Ltd.
Mitsubishi Pharma Corporation

**Corporate Philosophy and Vision, Brand Mark, Business Management Goals
and Other Policies of Mitsubishi Tanabe Pharma Corporation**

Tanabe Seiyaku Co., Ltd. (Natsuki Hayama, President & Representative Director; hereinafter “Tanabe Seiyaku”) and Mitsubishi Pharma Corporation (Takeshi Komine, President & Representative Director; hereinafter “Mitsubishi Pharma”) will merge on October 1, 2007 to form Mitsubishi Tanabe Pharma Corporation (hereinafter “Mitsubishi Tanabe Pharma”), subject to approval by their respective annual general shareholders’ meetings (to be held on June 26 for Tanabe Seiyaku and June 22 for Mitsubishi Pharma).

The companies are pleased to announce that they have developed the corporate philosophy and vision, brand mark, business management goals and other policies of Mitsubishi Tanabe Pharma.

1. Corporate Philosophy and Vision

Corporate Philosophy

We contribute to healthier lives of people around the world through creating pharmaceuticals.

Vision

We become a global research-driven pharmaceutical company that can be trusted by communities.

2. Brand Mark



Concept

The brand mark takes the form of hands gently enfolding the health of people around the world, symbolizing Mitsubishi Tanabe Pharma's future growth and unlimited potential as a global research-driven pharmaceutical company.

The corporate color of blue symbolizes the "intellect," "technology" and "ethics" of the company. Moreover, it represents the "enterprising spirit" to take on challenges to creation of novel drugs that will help people around the world.

Mitsubishi Tanabe Pharma has designed this brand mark to represent the company's "growth" and "trust" from the society.

3. Basic Strategy

By utilizing the expanded scale and reinforced business infrastructure, Mitsubishi Tanabe Pharma will pursue the following basic strategies to become a global research-driven pharmaceutical company and take on challenges to new business opportunities.

- Accelerate its overseas business development leveraging the two companies' strong drug discovery capabilities and the business platform reinforced by the merger, and thus establish its position as a global research-driven pharmaceutical company at an early point
- Enhance the domestic market presence through the top-tier marketing capability achieved through the merger
- Proactively take on challenges to new business opportunities in response to the changes in medical environment. Specifically, build a new business model by making an aggressive entry into the generics business and by leveraging the diagnostic and testing platform of Mitsubishi Chemical Holdings Group (personalized medicine, etc.) with the aim of creating a distinctive

pharmaceutical company

4. Outline of the Business Management Goals of the New Company

Utilizing the two companies' strengths and effectively employing corporate resources, Mitsubishi Tanabe Pharma will work to realize the synergy by the merger and to achieve business targets for fiscal year 2010.

(1) Business Targets for fiscal year 2010

Sales	¥480 billion
Operating Income	¥110 billion
(Before goodwill amortization*)	
Operating Income	¥100 billion
(After goodwill amortization)	
Net Income	¥60 billion
(ref.) R&D expenses	¥87 billion

Note: Since the merger will be regarded as a reverse acquisition under the accounting standards for business combination, the purchase method applies and goodwill will be booked as if Mitsubishi Pharma had acquired Tanabe Seiyaku in the new company's consolidated financial statements. At present, goodwill amortization is provisionally calculated based on an estimate of goodwill value of ¥150 billion and an amortization period of 15 years.

The amount of goodwill will be determined based upon the difference between the market capitalization of Tanabe Seiyaku immediately before the announcement of the basic merger agreement on February 2, 2007 and Tanabe Seiyaku's consolidated net assets, evaluated at fair market value, as of the end of September 2007.

(2) Merger Synergy in fiscal year 2010

Compared to simple sum of the estimates of each company's stand-alone business plans, Mitsubishi Tanabe Pharma aims to realize the merger synergy of ¥27 billion in fiscal year 2010. The company aims to generate cost synergy of ¥20 billion and sales synergy of ¥12 billion. While risk of negative profit impact due to consequences of the merger, including change of control and product cannibalization associated with the merger, of ¥5 billion is assumed in fiscal year 2010.

The merger costs and structural reform costs associated with the merger, such as early retirement payments, site integration, transfer support and system integration, are estimated to total ¥17.5 billion by fiscal year 2010.

5. Business Strategy

(1) Marketing Strategy

Utilizing its top-tier marketing capability in Japan, the company will enhance its presence in the Japanese market. Specifically, it will strengthen the immunology (Remicade, etc.) and cerebrovascular diseases (Radicut, etc.) areas by increasing the allocation of specialized medical representatives (MRs). Allocation of marketing resources will be focused on four key products [Anplag(anti-coagulant), Talion(Anti-allergy agent), Urso(ursodeoxycholic acid) and Tanatril(ACE Inhibitor).] Moreover, leveraging its rich resources of MRs, Mitsubishi Tanabe Pharma will make marketability-oriented allocation of MRs in key geographical areas on priority basis.

The two companies will integrate their promotion functions completely by April 2008 and thereby maximize the sales synergy.

(2) R&D Strategy

Drug discovery research capabilities will be enhanced by merging Mitsubishi Pharma's theme-discovering abilities with Tanabe Seiyaku's capabilities strengths in optimization and focusing research resources into the core therapeutic areas including multiple programs such as diabetes/hyperlipidemia diseases, cranial nervous diseases and renal/urology diseases to establish a research organization that can sustainably create novel drugs that are globally competitive.

In domestic development, concentrating both companies' development resources on immunology/inflammation diseases, hepatic diseases and diabetes/hyperlipidemia diseases will enable enhancement of domestic business platform.

In overseas development, positioning Cholebine (hyperphosphatemia) and MP-146 (chronic kidney failure) of renal diseases area are in high priority and efforts will focus on phase III clinical trials in the U.S. and Europe. Utilizing these 2 products, Mitsubishi Tanabe Pharma will promote development of in-house marketing infrastructure in the U.S. and Europe and select globally developing disease areas, in addition to the renal diseases area, by 2010 to target overseas business expansion.

(3) Overseas Business Strategy

While overseas business will largely depend on earnings from China and other Asian countries in the near-term following the merger, through implementation of region-specific strategies the new company will develop businesses in the U.S. and Europe region in addition to the China/Asia business beyond 2010.

In the U.S., the new company will establish its in-house marketing infrastructure for the renal area, with Cholebine and MP-146 currently under development, and enhance its business

platform through expansion of therapeutic areas.

In Europe, in addition to expansion of marketing of Argatroban(selective anti-thrombic agent) currently sold in Germany and Austria by Mitsubishi Pharma, the company will develop a business platform in key countries with Cholebine and MP-146 and expand its marketing franchise.

6. The Challenge of New Business Opportunities

In response to the changes in medical environment, the new company will proactively take on new business opportunities and promote making inroads into the “generics business” and investigation of the “personalized medicine.”

(1) Generics Business

Effectively utilizing the brand and business infrastructure established in the pharmaceutical market, Mitsubishi Tanabe Pharma will contribute to the penetration of generics by providing “reliable generics” that patients and healthcare professionals can use reliably.

The company will establish a marketing subsidiary for generics in fiscal year 2008 to facilitate entry into the generics market and aim to build a marketing infrastructure to respond to the medical service reforms, including substitute prescriptions and diagnosis procedure combination (DPC). Through preparation of a comprehensive product lineup at an early date, the new company will aim to achieve sales of more than ¥10 billion in fiscal year 2010.

(2) Personalized-Medicine

While various efforts for “personalized-medicine” to provide most effective drugs based on individual genomics information are undertaken, novel technologies which combine diagnosis, which enable selection of the optimal treatment methods, and drug development, such as genomic drug discovery based on genomic information , are in need.

By leveraging business platform developed by the healthcare companies of the Mitsubishi Chemical Holdings Group, Mitsubishi Tanabe Pharma will develop its portfolio of targeted medicine products essential for disease treatment, and strive to establish its position in the personalized medicine in future.

7. Post-Merger Capital

In order for the new company to take flexible financial initiatives, Mitsubishi Pharma will reduce its capital and capital reserve and transfer into capital surplus. Tanabe Seiyaku will inherit the capital of Mitsubishi Pharma after the transfer. Consequently, post-merger capital of Mitsubishi Tanabe Pharma will be ¥50 billion.

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